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ORIGINAL

MEMORANDUM

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WCC

TO: Docket Control

2010 JAN 12 P 3:00

FROM: Steven M. Olea
Director
Utilities DivisionJAN 12 2010
DOCKET CONTROL

DATE: January 12, 2010

RE: STAFF'S REPLY (SURREBUTTAL) TO PINEVIEW WATER COMPANY, INC.'S
RESPONSE TO THE STAFF REPORT (DIRECT TESTIMONY)
(DOCKET NO. W-01676A-08-0366)

On December 24, 2009, Pineview Water Company, Inc. ("Company") filed a response to Utility Division Staff's ("Staff") Direct Testimony previously filed on December 3, 2009. The Company's response states that the Company is overall in agreement with the Staff Report, but with several exceptions. Pursuant to the Procedural Order dated September 10, 2009, Staff hereby replies to the Company's exceptions and includes revised schedule JMM-18 to reflect corrections to Staff's Direct Testimony.

Meter Deposits

In its response, the Company states that [in its application] the Company "requested that 'Meter Deposits' be deleted from the Company's Tariff Schedule."¹ The Company further states that "[i]n the Staff Report Staff deleted the 'Meter Deposits.'"²

Staff notes that neither the Company's application nor Staff's Direct Testimony eliminated the deposit requirements; rather, both parties proposed deposit requirements per Arizona Administrative Code Rule R14-2-403(B).³

Per a subsequent telephone conversation with the Company on January 7, 2010, it is Staff's understanding that the Company did not intend to refer to "Meter Deposits" in its response, but was rather referring to "Service Line and Meter Installation Charges."

Therefore, Staff continues to recommend deposit requirements that conform to R14-2-403(B).

¹ Company Response, p. 1:21-22.

² *Id.* at 1:18.

³ Company Application, Schedule H-3 at 3.

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Service Line and Meter Installation Charges

The Company's application proposed that Service Line and Meter Installation Charges be zero.⁴ As most of the Company's customers are seasonal, it may be difficult for the Company to refund these advances during the winter months when revenues are significantly decreased. Therefore, as noted in Staff's Engineering Report, Staff agreed and recommended that these charges be set at zero for all meter sizes.⁵

Inadvertently, the Company's proposal and Staff's recommendation were not accurately reflected in Staff's Direct Testimony schedule of rates and charges.⁶ Therefore, Staff submits its revised schedule JMM-18 (attached) which reflects its recommendation that the Service Line and Meter Installation Charges be set at zero.

Hook-Up Fees

In its response, the Company states that it requested an increase to Hook-Up Fees.⁷ The Company further states that the Staff Report deleted the Hook-Up Fees.⁸

Staff did not specifically discuss this tariff in its Direct Testimony and Hook-Up Fees are typically not represented in Staff's schedule of rates and charges. Pursuant to the phone conversation of January 7, it is Staff's understanding that, because the Hook-Up Fee tariff was not specifically addressed in Direct Testimony, the Company believed that Staff was recommending its elimination.

The Commission granted the Company an Off-Site Facilities Hook-Up Fee tariff in Decision No. 67275 (dated October 5, 2004). Although the Company did state in a response to a data request that it hoped Staff would recommend an increase to its Hook-Up Fee, the Company's application did not propose any modification to the existing tariff.

As previously noted, Staff did not specifically discuss this tariff in its Direct Testimony because no changes to the tariff had been requested by the Company in its application and because Staff was not proposing changes to the existing tariff. From Staff's perspective, the existing Hook-Up Fee tariff would remain in effect. Staff recommends continuation of the Company's existing Hook-Up Fee tariff.

⁴ *Id.*

⁵ Staff Direct, Ex. DMH-1 at 6.

⁶ See Staff Direct, Schedule JMM-18 at 2.

⁷ Company Response, p. 1:21-22.

⁸ *Id.* at 1:17.

Construction Water

Though not included in its filed response, the Company also notified Staff of a typographical error. On page 16, line 6, of Staff's Direct Testimony, it incorrectly states that Staff is recommending a construction water charge of \$4.93 per 1,000 gallons. Consistent with schedule JMM-18, this should read instead \$4.90 per 1,000 gallons.

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Docket No. W-01676A-08-0366

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